

HOUSE BILL No. 1389

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Tax abatement property tax replacement. Provides an additional property tax replacement credit against township levies to a taxpayer in a municipal taxing district in which the assessed valuation subject to tax abatement is proportionally greater than the average assessed valuation (weighted for the relative taxable assessed value) subject to tax abatement in other taxing districts in a municipality. Imposes a levy to replace the revenue lost due to the credit in each municipal taxing district in which the assessed valuation subject to tax abatement is proportionally less than the average assessed valuation subject to tax abatement.

Effective: July 1, 2004.

Van Haaften, Avery

January 20, 2004, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1389

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002,
2 SECTION 147, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) On or before August 1 of each
4 year, the county auditor shall send a certified statement, under the seal
5 of the board of county commissioners, to the fiscal officer of each
6 political subdivision of the county and the department of local
7 government finance. The statement ~~shall~~ **must** contain:
8 (1) information concerning the assessed valuation in the political
9 subdivision for the next calendar year;
10 (2) an estimate of the taxes to be distributed to the political
11 subdivision during the last six (6) months of the current calendar
12 year;
13 (3) the current assessed valuation as shown on the abstract of
14 charges;
15 (4) the average growth in assessed valuation in the political
16 subdivision over the preceding three (3) budget years, excluding
17 years in which a general reassessment occurs, determined

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according to procedures established by the department of local government finance;

(5) **the county auditor's determinations under IC 6-1.1-45-3;**
and

(6) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 2. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

Chapter 45. Covered Taxing District Tax Abatement Property Tax Replacement Credit

Sec. 1. As used in this chapter, "assessed valuation subject to tax abatement" means the sum of the:

(1) amount of the deductions granted under IC 6-1.1-12.1; and

(2) deduction equivalent of the credits granted under IC 6-1.1-20.8, as determined by the department of local government finance.

Sec. 2. As used in this chapter, "covered taxing district" means a taxing district consisting of the part of a township that is located in a city.

Sec. 3. (a) Before August 1 of each year, the county auditor shall determine for each covered taxing district in the county the extent to which the assessed valuation subject to tax abatement in the covered taxing district differs from the average amount of assessed valuation subject to tax abatement in covered taxing districts in the county. The difference is the amount determined under STEP SEVEN of the following formula:

STEP ONE: Determine the assessed valuation subject to tax abatement in the covered taxing district on the most recent assessment date.

STEP TWO: Determine the sum of the STEP ONE amounts for all covered taxing districts in the county.

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STEP THREE: Determine the assessed valuation subject to taxation in the covered taxing district on the most recent assessment date.

STEP FOUR: Determine the sum of the STEP THREE amounts for all covered taxing districts in the county.

STEP FIVE: Determine the result of the STEP TWO amount divided by the STEP FOUR amount.

STEP SIX: Multiply the STEP THREE amount for the covered taxing district by the STEP FIVE amount.

STEP SEVEN: Determine the result of the STEP ONE amount minus the STEP SIX amount.

(b) On or before August 1 of each year, the county auditor shall certify the following to each township in the county and the department of local government finance:

(1) The amount of the difference determined under subsection (a) for each covered taxing district in the county.

(2) For each covered taxing district in the county, a statement indicating whether the amount determined under subsection (a) for the covered taxing district is a positive number, a negative number, or zero (0).

(3) The total assessed valuation subject to tax abatement in each covered taxing district.

(4) If the amount determined under subsection (a) is:

(A) a positive number greater than zero (0), a statement that:

(i) the assessed valuation subject to tax abatement in the covered taxing district is proportionally greater than the average assessed valuation subject to tax abatement in the covered taxing districts in the county; and

(ii) taxpayers in the covered taxing district are eligible for an additional property tax replacement credit under this chapter;

(B) a negative number that is less than zero (0), a statement that:

(i) the assessed valuation subject to tax abatement in the covered taxing district is proportionally less than the average assessed valuation subject to tax abatement in the covered taxing districts in the county; and

(ii) the covered taxing district is required to impose a property tax replacement credit levy under this chapter; or

(C) zero (0), a statement that:

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- (i) the assessed valuation subject to tax abatement in the covered taxing district is proportionally the same as the average assessed valuation subject to tax abatement in the covered taxing districts in the county; and
- (ii) the credits granted by this chapter and the levies imposed by this chapter do not apply to the covered taxing district.

Sec. 4. A taxpayer in a covered taxing district in which the assessed valuation subject to tax abatement is proportionally greater than the average assessed valuation subject to tax abatement in the covered taxing districts in the county is entitled to a credit against the taxpayer's tax liability for township levies.

Sec. 5. The additional property tax replacement credit to which a taxpayer is entitled under this chapter is the amount determined under the following formula:

STEP ONE: Determine the sum of the amounts that are levied for the calendar year in the county under section 6 of this chapter, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for the calendar year under IC 6-1.1-17.

STEP TWO: Determine the assessed valuation subject to tax abatement in the covered taxing district on the most recent assessment date.

STEP THREE: Determine the sum of the STEP TWO amounts for all covered taxing districts in the county for which the result in section 3(b) of this chapter is a number greater than zero (0).

STEP FOUR: Determine the result of the STEP TWO amount divided by the STEP THREE amount.

STEP FIVE: Multiply the STEP ONE amount by the STEP FOUR amount.

STEP SIX: Determine the sum of the levies being imposed for the most recent assessment date in the covered taxing district by the township.

STEP SEVEN: Determine the taxpayer's tax liability for the STEP SIX amount.

STEP EIGHT: Determine the result of the STEP SEVEN amount divided by the STEP SIX amount.

STEP NINE: Multiply the STEP FIVE amount by the STEP EIGHT amount.

Sec. 6. A property tax levy is imposed under section 7 of this chapter in a covered taxing district in which the assessed valuation

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subject to tax abatement is proportionally less than the average assessed valuation subject to tax abatement in the covered taxing districts in the county.

Sec. 7. The amount of the levy in a covered taxing district under section 6 of this chapter is determined under the following formula:

STEP ONE: Determine the absolute value of the amount certified for the covered taxing district under section 3(a) of this chapter for the most recent assessment date.

STEP TWO: Determine the assessed valuation that is actually subject to taxation in the covered taxing district for the most recent assessment date.

STEP THREE: Subtract the STEP ONE amount from the STEP TWO amount.

STEP FOUR: Determine the amount of each levy being imposed by the township in the covered taxing district.

STEP FIVE: Determine the result of:

(1) the STEP FOUR amount; multiplied by

(2) result of:

(A) The assessed valuation subject to tax abatement in the covered taxing district; multiplied by

(B) the total assessed valuation subject to tax abatement in the township.

STEP SIX: For each township levy in the covered taxing district, compute the tax rate that would be necessary to raise the levy amount determined under STEP FIVE in the covered taxing district if the levy were raised using the assessed valuation amount determined under STEP THREE.

STEP SEVEN: For each township levy in the covered taxing district, determine the levy that would be raised using the assessed valuation determined under STEP TWO and the tax rates determined under STEP SIX.

STEP EIGHT: For each township levy covered taxing district, subtract the STEP FOUR amount from the STEP SEVEN amount.

STEP NINE: Determine the sum of the STEP EIGHT amounts.

Sec. 8. The tax rate for the levy imposed by this chapter is the tax rate necessary to raise the levy determined under section 7 of this chapter using the assessed valuation that is actually subject to taxation in the covered taxing district.

Sec. 9. (a) The property tax levy limits imposed by

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1 IC 6-1.1-18.5-3 do not apply to property taxes imposed under this
2 chapter.

3 (b) For purposes of computing the property tax levy limits
4 imposed on a civil taxing unit by IC 6-1.1-18.5-3, a property tax
5 levy for a calendar year does not include the part of the civil taxing
6 unit's levy that is levied under this chapter.

7 Sec. 10. The department of local government finance shall
8 certify under IC 6-1.1-17 the tax levies required under section 7 of
9 this chapter and the tax rates required under section 8 of this
10 chapter. To comply with this section, the department of local
11 government finance may certify a tax levy that exceeds the amount
12 originally fixed by the township in the covered taxing district.

13 Sec. 11. Proceeds received under this chapter may not be
14 considered a levy excess under IC 6-1.1-18.5-17.

15 Sec. 12. A covered taxing district tax abatement property tax
16 replacement credit account is established in the general fund of
17 each county. The county treasurer shall deposit the amount
18 collected from a levy imposed under this chapter in the account.

19 Sec. 13. The amount in a covered taxing district tax abatement
20 property tax replacement credit account may be used only to
21 replace property tax revenues lost as the result of granting
22 additional property tax replacement credits to taxpayers with
23 property in covered taxing districts in which the assessed valuation
24 subject to tax abatement is proportionally greater than the average
25 assessed valuation subject to tax abatement in the covered taxing
26 districts in the county.

27 Sec. 14. The money shall be distributed to the townships of the
28 county as though the money were property tax collections and in
29 such a manner that no township suffers a net revenue loss due to
30 the allowance of an increased property tax replacement credit.
31 However, if the money in the covered taxing district tax abatement
32 property tax replacement credit account is insufficient to replace
33 all the revenue lost, the amount distributed to each township shall
34 be reduced in proportion to the relative assessed valuation subject
35 to taxation in each township that is eligible to receive a
36 distribution.

37 SECTION 3. [EFFECTIVE JULY 1, 2004] IC 6-1.1-45, as added
38 by this act, applies only to property taxes first due and payable
39 after December 31, 2004.

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